

Remarks

The present amendment is responsive to the Non-Final Office Action mailed February 9, 2006. Claims 1 - 20 are pending in this application. Independent Claims 1, 8, and 15 have been amended. Claims 3, 4, 7, 10, 11, 14, 17, and 18 have also been amended. Applicant respectfully submits that no new matter has been added by this amendment. Reconsideration of the application, as amended, is requested.

Applicants wish to thank Examiner Karmis for the Examiner Interview conducted by telephone on May 4, 2006. In accordance with the discussion that took place in the Examiner Interview, Independent Claims 1, 8, and 15 have been amended to include the limitation that the "selection of the debit type is not made by the first payor or the first biller." Applicants respectfully submit that the current amendments to Claims 1, 8, and 15 distinguish the present invention over the prior art cited by the Examiner.

Claim Rejections Under 35 U.S.C. § 103

In the Non-Final Office Action, Claims 1-20 were rejected under 35 U.S.C. § 103 based on a combination of U.S. Patent No. 5,978,780 to Watson and U.S. Patent No. 6,128,603 to Dent et al. The rejection contended that Dent discloses the limitation of "receiving a payment instruction from a first payor to pay the first bill" that was not disclosed by Watson. The rejection further contends that both Watson and Dent disclose "selecting a debit type based upon the determined risk." Applicant respectfully asserts that the claims of the present application, as amended, are allowable over Watson and Dent, and requests allowance of Claims 1-20.

A. U.S. Patent No. 5,978,780 to Watson ("Watson")

Watson is directed to a two-party system and method for billing and payment. In particular, the system of Watson calculates a total bill for each household and issues a single debit instruction to each financial institution from which households wish to have their payments made (col. 4, lines 55-67). After individual households enroll with the personal settlements exchange (col. 5, lines 54-56) disclosed by Watson, the personal settlement exchange pays all of

the household bills each month to the relevant billers without receiving any instructions from the individual households. Debit instructions are set up before-hand – only after bills are automatically paid is a statement sent to a household. Therefore, no interaction by the payor is required for payment to each payee, and the system of Watson serves only to report payments already made by the system.

The system of Watson can also adjust the payment made on behalf of each household based on the risk of slow, partial and default payments (col. 4, lines 46-54). As described by Watson, the system spreads risk among the many households by normalizing it in the calculated monthly payment (which is disclosed as being the same each month) and the system eats any losses which it prepares for with reserve funds from slight overpayments charged. The risk determined by the system in Watson is used to calculate the normalized monthly payment that is made by each household (col. 4, lines 46-54). Additionally, Watson discloses that financial institutions receive debit instructions and debit individual households accounts (using electronic debit or credit/charge card debit) as instructed by the personal settlements exchange (col. 4, lines 55-67).

B. U.S. Patent No. 6,128,603 to Dent et al. (“Dent”)

Dent is directed to a consumer-based system for managing and paying electronic billing statements. Billers transmit bills directed to the consumers (col. 4, lines 29-58) and the consumers manage payment of the bills with a bill management application installed on their personal computer (col. 5, line 53 – col. 6, line 8). The consumer is in direct control of and makes the decisions concerning when bills will be paid, the amount to be paid on the bills, and the account or debit type they wish to use to pay the bill (col. 3, lines 56-58).

Dent also discloses a “best fit” cashflow analyzer that suggests an optimal bill payment schedule to a consumer. The cashflow analyzer suggests a payment schedule that will minimize risk to a consumer because it results in the consumer having a negative account balance for the shortest period of time. Additionally, Dent discloses that the cashflow analyzer can suggest alternative forms of payment to the consumer such as charging certain bills to credit cards or taking out a loan for a few days (col. 10, lines 5-11). After the consumer has analyzed a payment

schedule, the consumer may then choose to pay bills as prescribed by the schedule (col. 10, lines 15-17).

C. The Claimed Invention As Amended Is Distinguishable from Watson and Dent

As described in detail below, both Watson and Dent, either alone or in combination, fail to disclose at least the claimed recitations that the “selection of the debit type is not made by the first payor or the first biller.”

**(1) Watson does not select a debit type based upon the determined risk
wherein the selection of the debit type is not made by the first payor or
the first biller**

Applicants first reiterate their position that the system disclosed by Watson does not select a debit type based upon the determined risk associated with payment of a bill. As noted above, in the system disclosed by Watson the risk of slow, partial and default payments is factored into determining a calculated monthly payment, i.e., a *payment amount*. The personal settlements exchange (PSX) disclosed by Watson may adjust a payment amount based on the risk of slow, partial and default payments. (col. 4, lines 46-54 and 55-67; see also Watson col. 5, line 66 to Col. 6, line 31 for discussion of payment risk calculation and its impact on payment amounts.) It is clear that the system of Watson is limited to changing a payment amount based on risk — the system of Watson does not select a *debit type* based on a determined risk. Debit types are unquestionably different from the debit or payment amount described by Watson. Debit types are discussed at length in the specification of the present application, and are expressly recited in dependent claims. For instance, a debit type may include a deposit account associated with a service provider, a debit account of a biller, RPS credit, a negotiable instrument, or the like (specification, Page 7).

In the current Office Action, the Examiner contends that the disclosure by Watson of reserve accounts and credit lines to backstop the liquidity of the system and ensure that payments are made to each service provider teaches a selection of a debit type based on a determined risk. This disclosure, however, is related to the risk assumed by the personal settlement exchange

(PSX) and not to the risk associated with paying a bill of a first payor. In order for Watson to teach or suggest the present invention, the personal settlement exchange of Watson would have to be the first payor with whom the first of a plurality of bills is associated. Applicants contend that this is an unreasonable interpretation of Watson because the Watson system is designed to pay an aggregate bill for each household that has enrolled with the PSX. Thus, an individual household enrolled with the PSX would constitute the first payor in the Watson system.

Although Applicants contend that the previous submission of claims for the present invention is allowable over Watson, in order to expedite the allowance of the present application, Applicants have amended the independent claims to include the limitation that the “selection of the debit type is not made by the first payor or the first biller.” Applicants contend that Watson does not teach or suggest that the “selection of the debit type is not made by the first payor or the first biller.” In the event that the PSX is selecting a debit type based upon the determined risk of paying billers in full, such as through accumulated funds, reserve funds, or a credit line, then the PSX would be the first payor for that transaction. Therefore, the selection of the debit type would be made by the first payor.

In contrast, the present invention requires that the “selection of the debit type is not made by the first payor or the first biller.” The present invention determines a risk associated with the payment of a bill and selects a debit type based on that risk. The system disclosed by the present invention selects the debit type for a payment; the selection is not made by a first payor or a first biller associated with the present invention. Rather than assume the risk of funds not being available – as disclosed by Watson – the present invention may determine a debit type in order to transfer risk away from the system. For instance, selecting a debit type that results in funds associated with the system being used to pay a first bill may result in the system assuming the risk for the payment; however, selecting a debit type that results in funds being directly payable from the first payor to the payee will not result in the system assuming any risk. Thus, in contrast to Watson, the system of the present invention selects a debit type based on a determined risk in order to allow a transfer of risk away from the system.

For each of the reasons set forth above, Applicants respectfully assert that each of the claims of the present application are allowable over Watson

(2) Dent does not select a debit type based upon the determined risk wherein the selection of the debit type is not made by the first payor or the first biller

As noted above, the system disclosed by Dent may suggest alternative forms of payments or debits to a user in order to minimize the time in which a consumer's account carries a negative balance. After alternatives are suggested to the consumer in a suggested payment schedule, the consumer must choose to pay bills as prescribed by the schedule. In Dent, because bills are sent directly from billers to consumers, the consumer must be the payor of the bills. Therefore, when the consumer either independently chooses a debit type to pay a bill or chooses to adopt a suggestion of the suggested payment schedule, the payor is selecting the debit type. The system of Dent only serves as a user interface that assists consumers in managing their electronic bills, and the consumers make decisions as to what debit type will be used to pay the bill. Dent specifically states that "the consumer is in direct control of the amount to be paid and the payment date as well as which account they wish to use to pay the bill" (column 3, lines 55-58). Accordingly, the payor or consumer specifically selects the debit type used to pay a particular bill.

In direct contrast, as explained above, the present invention requires that "the selection type is not made by the first payor or the first biller." Therefore, Applicants respectfully assert that each of the claims of the present application are allowable over Dent.

Additionally, because neither Dent nor Watson disclose the limitation of selecting a debit type "wherein the selection of the debit type is not made by the first payor or the first biller," the combination of Dent and Watson fails to disclose the limitation. Accordingly, at this time, no comment is made as to the sufficiency of the combination of Dent and Watson.

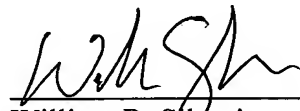
Conclusion

The applicants believe they have responded to each matter raised by the Examiner. Allowance of the claims is respectfully solicited. It is not believed that extensions of time or fees

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for addition of claims are required beyond those that may otherwise be provided for in documents accompanying this paper. However, in the event that additional extensions of time are necessary to allow consideration of this paper, such extensions are hereby petitioned under 37 CFR §1.136(a), and any fee required therefore (including fees for net addition of claims) is hereby authorized to be charged to Deposit Account No. 19-5029.

Respectfully submitted,



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